



**GOLDEX**  
mines limited

**ANNUAL REPORT / 1977**



**GOLDEX**  
mines limited

**OFFICERS**

PAUL PENNA - - - - - *President*  
MIKEY DRUTZ - - - - - *Secretary-Treasurer*

**DIRECTORS**

EDWARD LESLIE BAXTER - Islington, Ontario  
IRVING DOBBS - - - - - Willowdale, Ontario  
MIKEY DRUTZ - - - - - Toronto, Ontario  
CHARLES KEAN - - - - - Timmins, Ontario  
GORDON W. KIRK, P.Eng. - - Haileybury, Ontario  
PAUL PENNA - - - - - Port Credit, Ontario

**CONSULTING GEOLOGIST**

W. A. HUBACHECK, B.Sc., P.Eng. - Toronto, Ontario

**AUDITORS**

STARKMAN, KRAFT, ROTHMAN,  
BERGER & GRILL  
Chartered Accountants - - - - - Toronto, Ontario

**TRANSFER AGENT**

GUARANTY TRUST COMPANY  
OF CANADA  
88 University Ave. - - - - - Toronto, Ontario  
427 St. James Street - - - - - Montreal, Quebec

**BANKERS**

CANADIAN IMPERIAL BANK  
OF COMMERCE  
City Hall Branch - - - - - Toronto, Ontario

**SOLICITORS**

SHIBLEY, RIGHTON &  
McCUTCHEON - - - - - Toronto, Ontario

**EXECUTIVE AND  
HEAD OFFICE**

Suite 300, 365 Bay Street - Toronto, Ontario M5H 2V1

**SHARES LISTED**

MONTREAL STOCK EXCHANGE Montreal, Quebec  
Ticker Symbol "GLX"

**ANNUAL MEETING OF  
SHAREHOLDERS**

The Annual Meeting of Shareholders will be held at 10:30  
a.m., Friday, March 31, 1978, at Suite 300, 365 Bay  
Street, Toronto, Ontario.



## **AUDITORS' REPORT TO THE SHAREHOLDERS**

We have examined the balance sheet of Goldex Mines Limited as at September 30, 1977 and the statements of deficit, deferred development expenditures, deferred administrative expenditures and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

As outlined in Note 1 the Company's Dubuissou Township property has been placed on stand-by basis until economic conditions are such that it will be profitable to resume operations. Recovery of the Company's costs for mining claims, deferred development and deferred administration of approximately \$1,782,000 is therefore uncertain.

In view of the possible material effect of the matter discussed above on the financial statements, we are unable to express an opinion as to whether or not the accompanying financial statements present fairly the Company's financial position as at September 30, 1977 and the results of its operations and the changes in its financial position for the year then ended.

**STARKMAN, KRAFT, ROTHMAN, BERGER & GRILL,**

Chartered Accountants.

Toronto, Ontario  
January 9, 1978





**BALANCE SHEET**  
**AS AT SEPTEMBER 30, 1977**

**ASSETS**

	<b>1977</b>	<b>1976</b>
<b>Current</b>		
Cash and short-term deposits .....	\$ 13,084	\$ 24,945
Marketable securities, at cost (quoted market value \$1,250; 1976 — \$660) .....	465	465
Sundry receivable .....	67	860
Equipment held for resale (Note 2) .....	9,375	9,675
	<u>22,991</u>	<u>35,945</u>
<b>Investment in Shares of Probe Mines Limited</b> , at nominal value .....	1	1
<b>Mining Claims and Properties</b> , at cost (Note 1) .....	56,000	56,000
<b>Deferred Expenditures</b> , per attached statements (Note 3)		
Development expenditures .....	1,491,435	1,490,682
Administrative expenditures .....	234,833	220,579
	<u>1,726,268</u>	<u>1,711,261</u>
<b>Organization Expenses</b> , at cost .....	13,764	13,764
	<u>\$1,819,024</u>	<u>\$1,816,971</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current Liabilities</b>		
Accounts payable and accrued liabilities .....	\$ 5,981	\$ 3,928
<b>Loans Payable</b> (Note 4) .....	453,151	453,151
<b>Total Liabilities</b> .....	<u>459,132</u>	<u>457,079</u>
<b>Shareholders' Equity</b>		
<b>Capital</b>		
Authorized		
3,000,000 Shares without par value, maximum consideration not to exceed \$3,000,000		
<b>Issued and Fully Paid</b>		
2,450,001 Shares .....	2,148,001	2,148,001
<b>Contributed Surplus</b> .....	55,000	55,000
<b>Deficit</b> .....	(843,109)	(843,109)
	<u>1,359,892</u>	<u>1,359,892</u>
	<u>\$1,819,024</u>	<u>\$1,816,971</u>

*The accompanying notes form an integral part of these financial statements.*

Approved on behalf of the Board of Directors:

PAUL PENNA, Director.

E. L. BAXTER, Director.



**STATEMENT OF DEFICIT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 1977**

	<u>1977</u>	<u>1976</u>
<b>Deficit, beginning of year</b> .....	\$ 843,109	\$ 847,897
Add: Loss on sale and revaluation of fixed assets to net realizable value	—	(4,789)
Riddell Township mining claims written off .....	—	1
<b>Deficit, end of year</b> .....	<u>\$ 843,109</u>	<u>\$ 843,109</u>

*The accompanying notes form an integral part of these financial statements.*

**STATEMENT OF DEFERRED DEVELOPMENT EXPENDITURES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 1977**

	<u>1977</u>	<u>1976</u>
<b>Dubuisson Property, Quebec</b>		
Shut-down expenses .....	\$ —	\$ 16,116
Consulting .....	400	1,642
Licences and taxes .....	353	1,128
<b>Total Expenditures for the Year</b> .....	<u>753</u>	<u>18,886</u>
<b>Balance Deferred, beginning of year</b> .....	1,490,682	1,471,796
<b>Balance Deferred, end of year</b> .....	<u>\$1,491,435</u>	<u>\$1,490,682</u>

*The accompanying notes form an integral part of these financial statements.*



**STATEMENT OF DEFERRED ADMINISTRATIVE EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 1977**

	<u>1977</u>	<u>1976</u>
Shareholders' information .....	\$ 4,640	\$ 5,115
Transfer agent fees .....	3,035	3,828
Bank charges and interest .....	167	2,292
Listing and filing fees .....	1,030	1,010
Legal and audit .....	2,305	826
Directors' fees .....	400	400
Office and general expenses .....	3,347	168
Truck rental .....	300	—
	<u>15,224</u>	<u>13,639</u>
Less: Interest earned .....	970	—
<b>Total Expenditures for the Year</b> .....	<u>14,254</u>	<u>13,639</u>
<b>Balance Deferred, beginning of year</b> .....	<u>220,579</u>	<u>206,940</u>
<b>Balance Deferred, end of year</b> .....	<u>\$ 234,833</u>	<u>\$ 220,579</u>

*The accompanying notes form an integral part of these financial statements.*

**STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 1977**

	<u>1977</u>	<u>1976</u>
<b>Source of Working Capital</b>		
Reclassification of loans payable to long-term (Note 4) .....	\$ —	\$ 453,151
Profit on sale of equipment .....	—	4,789
	<u>—</u>	<u>457,940</u>
<b>Application of Working Capital</b>		
Deferred development expenditures (net) .....	753	18,886
Deferred administrative expenditures .....	14,254	13,639
	<u>15,007</u>	<u>32,525</u>
<b>Increase (Decrease) in Working Capital</b> .....	<u>(15,007)</u>	<u>425,415</u>
<b>Working Capital (Deficiency), beginning of year</b> .....	<u>32,017</u>	<u>(393,398)</u>
<b>Working Capital, end of year</b> .....	<u>\$ 17,010</u>	<u>\$ 32,017</u>

*The accompanying notes form an integral part of these financial statements.*



## NOTES TO FINANCIAL STATEMENTS

**SEPTEMBER 30, 1977**

**1. Mining Claims and Properties**

The Company holds mining claims and properties acquired as follows:

	<u>1977</u>	<u>1976</u>
Dubuisson Township, Quebec:		
7 mining claims (the Dalton Claims) and		
10 mining claims (the Probe Claims), at cost .....	\$ 56,000	\$ 56,000

The Company has agreed to issue 50,000 shares for a consideration of 1¢ per share to the vendor of the Dalton claims at such time as commercial production of minerals from the claims commences.

The Probe Claims were held under a working option from Probe Mines Limited (Probe) until July 28, 1981. The Company was entitled to two five year renewals of the working option on payment of \$15,000 for each renewal. At any time during the term of the working option or any renewal thereof the Company was entitled to elect to bring the claims into production on a commercial scale and on making such commitment the Company would acquire absolute ownership of these claims subject to a royalty of 50% of the net profit from production of minerals from the claims which is payable to Probe. In 1975 the Company gave notice that it elected to bring the claims into production on a commercial scale and acquired ownership of the claims.

In August, 1975, the Company shut down operations at its Dubuisson Township mine as the gold content recovered during test mill runs was too low to be economical at the prevailing market price. The development of the mineralized deposit has been deferred and the project has been placed on stand-by until economic conditions are more favourable for the production of gold. The Company has been requested by Probe to return ownership of the Probe claims.

**2. Equipment Held for Resale**

The Company's unsold equipment is being carried at estimated realizable value.

**3. Deferred Expenditures**

The amounts shown for deferred expenditures represent costs to date and are not intended to reflect present or future values.

**4. Loans Payable**

The loans payable have been deferred without further interest from October 1, 1975 by the lenders so that the Company's working capital will not be reduced below \$10,000.

**5. Remuneration of Directors and Senior Officers**

Aggregate direct remuneration of directors and senior officers (as defined by the Business Corporations Act) during the fiscal year ended September 30, 1977 was \$400.

